

**DEFENSE ENERGY SUPPORT CENTER  
PROCEDURES  
GOVERNMENT PURCHASE CARD**

**April 1999  
1st Revision: January 2000**

**1. REFERENCES:**

- a. Defense Logistics Agency Instruction (DLAI 4105.3), DLA Government-wide Commercial Purchase Card Program.
  - b. Defense Logistics Agency Directive (DLAD 4105.3)
  - c. Agency/Organization Program Guide
  - d. GSA FSS Contract Guide GS-23F-98002 dated 6/12/98
2. **PURPOSE:** To provide procedures and training for use of the Government Purchase Card for Defense Energy Support Center Ft. Belvoir and approved regional locations.
3. **APPLICABILITY:** This directive/training guide applies to all DESC personnel who utilize the Government Purchase Card under the auspice of DESC.

**INTRODUCTION**

This bankcard has been designed to look different from personal credit cards. It bears the Great Seal of the United States and has "UNITED STATES OF AMERICA" printed on its face. The bankcard contractor will have no personal information about the cardholder other than the cardholder's name and work address. No credit records, social security numbers, etc., are maintained.

**RESPONSIBILITIES**

**Agency Program Coordinator (APC)**

The APC is assigned to the Procurement Oversight Branch and is responsible for issuing letters of appointment to cardholders, thereby delegating purchasing authority in accordance with responsibilities and limitations stated therein. The APC also appoints billing officials and cardholders in coordination with organizational elements, spending limits (in conjunction with DESC-R) and authorized activity codes, approves changes to purchase limits, and requests issuance of credit cards from U.S.Bank. The APC oversees the purchase card program and establishes guidelines, conducts compliance reviews, provides training for participating personnel, maintains the DESC Procedure Guide, and acts as liaison between bankcard contractor and purchase card participants.

- (1) Authorization to purchase. Any individual making a government purchase using appropriated funds shall be approved and duly authorized in writing by the DESC-CSPO with delegated acquisition authority as a cardholder.

## **Cardholders**

Must ensure the following elements are present prior to making any purchase:

- (2) Availability of funds. Funds must be available, within the cited funding appropriation, prior to purchase action. The Cardholders may not exceed the single purchase limit established for that purchase regardless of the quantity and types of items purchased. Single purchase authority is: \$2,500 (\$2,000 for Construction), (with approval up to \$25,000 for Training –payments made against a DD Form 1556), and (\$2,500 - \$25,000 for overseas cardholders with the required written delegation of authority). The available balance must be sufficient to cover the cost of each anticipated purchase. If you have outstanding charges that are not on your current Statement of Account (SOA), you must debit the outstanding amount from your next month's available spending limit.
- (3) Maintenance of Purchase Log. Cardholders are responsible for the input and maintenance of purchase records. The cardholder shall maintain a log of all items purchased. As a minimum the log shall indicate date of request, merchant name and address, dollar amount, date of order, and date of delivery. The cardholder shall obtain billing official's approval either prior to each purchase made or as a minimum at least once a month. It is the billing official's decision as to how often he/she wants to review/approve purchases. The approval shall be documented with the billing official's name and date. If verbal authorization is given the cardholder shall document the file with the name, date and time approval was given. Email approvals are authorized so long as copies of the approvals can be provided to the APC or other designated reviewer upon request.
- (4) Monthly Statements. Upon receipt of the Statement of Account (SOA), the cardholder will annotate each purchase with a description, review and sign. The cardholder will forward the statement to the billing official within one (1) working day after receipt. If discrepancies are found during the review the Cardholder will notify the Approving Official immediately to ensure proper steps are taken to correct the discrepancy.

## **Billing officials will:**

- (1) Be responsible for date stamping the billing office statement received with the date actually received. The date received starts the clock for payment of the bill under the Prompt Payment Act. The date may not be hand written.

- (2) Review the cardholder entries, approve/disapprove any purchases and ensure: spending limits haven't been exceeded, purchases are not for personal use, items purchased are not prohibited, and purchases have not been split into small segments to stay under the micro-purchase limit (\$2,500.00). In addition to these items review of cardholder entries for overseas purchases between \$2,500 and \$25,000 shall include: making sure mandatory sources were used if applicable, competition has been obtained when applicable, and the required contract reporting action was completed.
- (3) Ensure that credits or billing errors are properly posted.
- (4) Sign the cardholder's SOA after reconciliation is completed and return to cardholder for maintaining in the files.
- (5) Certify Billing Account Statement, send original of the statement of account no later than fifteen (15) days after the stamped date of receipt to DFAS-Columbus.
- (6) Ensure non-expendable items are posted to the organization's property book.
- (7) Forward to DESC-R a copy of the annotated and signed cardholders statement of account (SOA) and billing statement.

**DESC-R will:**

- (1) Provide overall budgetary guidance for the program including assigning card specific fund codes and bulk obligations for the program.
- (2) In coordination with the Command and the Agency Program Coordinators, determine the cardholder's thirty-day spending limit and the Approving Official's monthly credit limits.
- (3) Assign a single accounting classification for each cardholder's account.

### **SETTING UP THE PURCHASE CARD ACCOUNT**

Requesting office will prepare a written request (can be email or fax) for opening a purchase card account. The request will include the following information:

- (1) Identify the full name, rank/grade of the cardholders (s) and billing official and alternate billing official
- (2) Complete mailing address (office symbol, building number, city, state, zip), commercial telephone number, fax number and e-mail address of the cardholder (s) and billing official and alternate billing official

- (3) Full description of the types of purchases to be made with the purchase card
- (4) Single purchase limit: (Up to 2,500)  
(When authorized, up to \$25,000 for cardholders making payments against the DD 1556 training document)  
( When authorized, up to \$25,000 for overseas cardholder)
- (5) Monthly purchase limit: (This figure should be the maximum you would allow per month as approved by DESC-R)
- (6) Point of contact for this request
- (7) The single line of accounting provided by DESC-R (may be determined after request is submitted)
- (8) If appointment is for a new billing official, or change to an existing billing official, a formal appointment letter will be prepared by the APC. The appointment letter must be acknowledged and a signature card completed and returned to the APC. The signature card and certification letter will be forwarded to DFAS Columbus. (The billing official will receive a copy of the appointment letter).

Send the request through DESC-R. DESC-R assists with determining monthly and office limits. Funding shall be available prior to placing any orders against the purchase card. Funding increases are to be requested by the approving official to DESC-R in writing. This is required to ensure funding is available for all purchases. The request will then be sent to the APC to process funding increases with the bank.

U.S. Bank will mail the purchase card to the designated cardholder within three (3) working days after their receipt of the cardholder's account setup information.

### **DELEGATION OF AUTHORITY**

The Center Senior Procurement Official, DESC-CSPO, may delegate written authority to make purchase card purchases, subject to the following thresholds:

- (1) Personnel shall not be delegated authority to use the purchase card for transactions over \$2,500.00. Exceptions are: DESC-Fort Belvoir cardholders who are authorized to pay for training using a DD 1556 with the Government Purchase Card and overseas cardholder who has been given written delegation of authority to make purchases between \$2,500 and \$25,000. The delegated authority for both is not to exceed \$25,000.00.
- (2) Personnel may use the card as a method of payment when specifically authorized in the letter of authorization, and

- (a) the card is being used in conjunction with a Simplified Acquisition Procedure such as a Purchase Order or Blanket Purchase Agreement, or
  - (b) the card is being used to initiate calls or orders placed against existing contracts or agreements which include applicable clauses/provisions; and
  - (c) Contract provisions identify method of payment as government purchase card.
- (3) The cardholder who is given the above Delegation of Authority as stated, is the only person who can obligate the government using the government purchase card.

## **TRAINING REQUIREMENTS**

All prospective cardholders and billing officials must receive orientation in DLA purchase card procedures, DESC purchase card procedures, and the U.S. Bank program prior to issuance of the Government Purchase Card. The APC is responsible for providing for and arranging the training.

All individuals who have received training must sign a statement of training certifying that: they have been provided the Government Purchase Card training materials which can be utilized for future reference and they understand the penalties associated with misuse of the card. Cardholders and billing officials must sign a Certification of Purchase Card Training (**Attachment 1**).

This document shall be retained by the APC while the cardholder's account remains active.

Required Training Areas: The training program shall cover the following subject areas:

- (1) Purchase card internal operating procedures.
- (2) Cardholder and billing official responsibilities.
- (3) Funding document maintenance, account certification, and billing procedures.

Specially developed training to include (as a minimum) coverage of the following essential elements.

- (a) Federal, defense, and departmental acquisition regulations, policies, and procedures.
- (b) Competition and price reasonableness.
- (c) Documentation requirements.

- (d) Prohibition against splitting requirements.
- (e) Required sources of supplies and services and order of precedence of sources as prescribed in FAR Part 8 and DFARS Part 208.
- (f) Rotation of sources.
- (g) Purchase of equipment items, allowance standards, and placing equipment items on hand receipts after receipt of purchase.
- (h) Information on contracts and agreements within DESC that already provide services and should not be duplicated by cardholders. (i.e. Federal Express Services)

### **DOLLAR LIMITS ASSOCIATED WITH PURCHASE CARD**

Use of the purchase card is subject to a single purchase limit, a monthly cardholder limit, and a monthly office limit.

- (1) **Single Purchase Limit:** This limit establishes a threshold on purchasing authority delegated to the cardholder by the Agency Program Coordinator. This limit cannot be exceeded unless a revised delegation of authority is issued by the APC to raise the limit. The single purchase limit cannot exceed \$2,500.00, (up to \$25,000.00 for authorized cardholders making payments for DD 1556's) and (for an overseas cardholder authorized to make purchases between \$2,500 and \$25,000) unless the cardholder has authorization to use the card as a method of payment within the Simplified Acquisition Procedures.
- (2) **Monthly Cardholder Limit:** This is a budgetary spending limit imposed by the billing official on a cardholder's cumulative purchases in a given month. The total dollar value of the cardholder's purchase card purchases for a single month shall not exceed this limit.
- (3) **Monthly Office Limit:** This is a budgetary limit established by the billing official of the activity using the card. The total dollar value of purchases made with the purchase card shall not exceed the monthly office limit established by the billing official.

### **REQUIRED SOURCES**

Before reaching a decision to use commercial sources, the cardholder will determine if **mandatory** sources meet the need. In order of priority, the sources are:

- Activity/Installation inventories.
- Federal Prison Industries (FPI or trade name UNICOR).
- National Industries for the Blind/Severely Handicapped (NIB/NISH).

- Wholesale supply sources.

The Federal Acquisition Regulation (FAR) Part 8, Required Sources of Supplies and Services dictate the priority of sources, Subpart 8.001.

### **FEDERAL PRISON INDUSTRIES**

Federal agencies are required by law to purchase items manufactured or produced by Federal Prison Industries (FPI), ***even if items are available at a local source for less money***, prior to acquiring those items from commercial sources (e.g., furniture). In cases where FPI is unable to supply the items as needed, waivers can be granted ONLY by FPI. FPI has a Quick Ship Catalog for Government agencies and it accepts the purchase card for all Quick Ship Catalog buys. FPI guarantees these products will be shipped within 30 days. In addition to the standard catalog, the UNICOR catalog (FPI's trade name) is available on the **INTERNET** at <http://www.unicor.gov>. The e-mail address for Customer Service is [custer@central.unicor.gov](mailto:custer@central.unicor.gov). Customer Service phone number is (800) 827-3168 or fax (606) 254-9692. Cardholders are encouraged to use the INTERNET or toll free numbers to check and determine whether their needs can be met through FPI. Waivers from mandatory use at FPI must be obtained. Waiver Request Procedures, see **ATTACHMENT 2**. Note: UNICOR encourages use of purchase cards.

### **INDUSTRIES FOR THE BLIND AND SEVERLY HANDICAPPED**

The Javits-Wagner-O'Day (JWOD) program was established by Congress in 1971 to increase employment and training opportunities for people who are blind or have other severe disabilities. Under the JWOD program, federal agencies are required to buy commodities and services furnished by not-for-profit agencies employing individuals trained under JWOD.

JWOD items are available to Government activities through GSA, the Defense Logistics Agency (DLA), or those contractors authorized by JWOD to carry JWOD products. Items include office supplies, medical supplies, plastics, textiles, and industrial products such as paints and cleaners. Cardholders must use catalogs or another credible resources to determine which items are produced by NIB/NISH.

In accordance with statute, you must use NIB/NISH if the items requested are reasonably available – **even if items are available at a local source for less money**.

For a copy of the NIB/NISH catalog call toll-free (800) 433-2304.

NOTE: NIB/NISH and GSA encourage use of purchase cards.

Cardholders can use the purchase card to obtain goods and services through GSA. The GSA has recently automated their catalog into their automated INTERNET website – GSA Advantaage

([www.gsa.gov](http://www.gsa.gov)). This INTERNET service gives authorized Federal Government users access to thousands of commercial items available from GSA at the lowest possible prices and has incorporated items from NIB/NISH and JWOD. You can call at (800) 525-8027 or fax your order to (800) 856-7957.

GSA has established contracts with five major office supply firms where the military can buy at greatly reduced rates. This offer is NOT AVAILABLE AT THE LOCAL STORES. You must call the 800 numbers provide **Attachment 3**. You may use these contractors versus GSA if the item is unavailable or costs less. In addition, effective October 1, 1999, NIB/NISH items will be available through an on line service at [www.jwod.com](http://www.jwod.com). You may also call at (800) 433-2304 to place an order.

These Federal Supply Schedules for office supplies are an important resource for further GSA assistance with office supplies. Some of the features of this service are shown below:

- Delivery of wide range of office supplies to a customer's desktop by the next business day is provided.

- Contractors can accept orders 24 hours a day, seven days a week.

- Payment by Government Purchase Card is acceptable.

- Contractor's catalogs include NIB/NISH and UNICOR items where appropriate.

Contractors are **prohibited** from selling to the Government any non-JWOD item that is essentially the same as an item provided to the Government under the JWOD program.

### **WHOLESALE SUPPLY**

Approximately 4.8 million items in the DoD wholesale supply system are centrally managed. Organizations requisition the supplies from the assigned inventory manager.

Stock Fund by-pass is not authorized for inventory managed items. However, when the supply system does not offer the best value in terms of time, cost, or quality for the required item the Defense Federal Acquisition Regulation Supplement (DFARS) authorizes organizations to bypass inventory managed items and procure supplies from the local supply sources. Currently, the cardholder is responsible for checking the supply system for availability of managed items.

### **AUTHORIZED AND UNAUTHORIZED USE OF THE PURCHASE CARD**

**Authorized Use** of the purchase card.

**Without exception, the purchase card shall only be used to pay for authorized U.S. Government purchases.**

- (1) The purchase card may be used to purchase supplies, equipment, and non-personal services up to the micro-purchase level, which is currently \$2,500, (up to \$25,000 for authorized training purchases, and up to \$25,000 for authorized overseas purchases.)



- (2) It may be used in lieu of a Standard Form 44 or cited as the method of payment on agreements, purchase orders, delivery orders, and contracts.
- (3) It may be used to pay for orders placed against established sources of supply when authorized by the contract or regulation.
- (4) It may be used to purchase **authorized** items from the Defense Commissary Agency, the Army and Air Force Exchange Service, the Military Clothing Sales Store, and all Morale, Welfare, and Recreation activities. However, **cardholders must be aware that they cannot purchase items from these activities, which are in violation of the rules for the use of appropriated funds (e.g. gifts) in DFAR 37-1.**
- (5) If purchasing supplies, consideration should be given to recycled material.

**Examples of purchases where the card may be used include:**

- Subscriptions, seminars, books, video tape
- Miscellaneous maintenance requirements
- Electronic database service
- Postage
- General repair services

**Purchases Requiring Coordination:** Requests for the following commodities or services require the cardholder to contact the specified controlling/servicing organization before making the purchase. The cardholder should contact the authorizing official to determine what paperwork is needed for approval.

- (1) Potentially Hazardous Material
- (2) Real Property Installed Equipment
- (3) Heaters, Stoves, etc.
- (4) Communication and Computer Equipment and Software – DESC-S
- (5) Paid Advertisements –

**SAMPLES OF ADP ITEMS**

**THE FOLLOWING ITEMS ARE TO BE PURCHASED ONLY BY DESC-S.**

DESC-S HAS INTERNAL PROCEDURES THAT MUST BE FOLLOWED WHEN PURCHASING ADP ITEMS. PLEASE ALLOW 3-5 DAYS FOR PROCESSING WHEN REQUESTING ITEMS TO BE PURCHASED.

WHEN IN DOUBT AS TO WHETHER A PURCHASE SHOULD BE MADE BY DESC-S CALL ONE OF THE FOLLOWING INDIVIDUALS: Beth Johnson – 767-8621; Paula Price – 767-8614; or Joe Thompson – 767-8616. IT IS BETTER TO ASK FIRST THAN TO MAKE AN UNAUTHORIZED PURCHASE.

**ADP HARDWARE:** includes facsimile machines, cameras, computers (i.e. desktop PCs, notebooks, laptops, handheld PCs, network computers), peripherals (i.e. printers, scanners, plotters, graphics tablets, monitors, speakers, tape drives, disk drives, floppy drivers, CD-ROM drives, DVD drives), communications devices (i.e. modems, transceivers, hubs, print servers), adapter cards (i.e. network adapter cards, video/graphics cards, sound cards, SCSI controller cards, CPU chips, motherboards, power supplies).

**ADP SOFTWARE:** includes operating systems (i.e. DOS, NT.UNIX), utilities (i.e. antivirus software, defraggers, disk compression software, screen savers), work processors, spreadsheets, data base managers, graphics/presentation software, browsers, communications software, and programming languages.

**ADP SERVICES:** includes maintenance labor, consulting services, and application programming/development work.

**NOTE:** The IMPAC card may be used by any cardholder to obtain ADP supplies (i.e. diskettes, tapes, paper, cables, batteries, printer ink cartridges, toner, mouse pads, cleaning supplies).

**Unauthorized** use of the purchase card. The purchase card **shall not be used** for the following purposes.

1. Cash Advance. Cash Advances from banks and automatic teller machines are **prohibited** under the government purchase card program. **NO MONEY ORDERS.**
2. Travel-related purchases, including: Rental/lease of motor vehicles associated with travel or temporary duty supported by travel orders (purchases of airline, bus, or train tickets); purchases of meals, drinks, lodging, or other travel or subsistence costs associated with Government official travel (Nation's Bank Travel Card covers this). Note: Subsistence items (not prepared meals) not associated with individual travel may be purchased with purchase card from the commissary or commercial sources.
3. Rentals or lease of land or buildings – long term – an example of acceptable usage would be a unit being deployed and needing office space for a month or a unit needing a conference or banquet room.
4. Purchase of aviation, diesel, or gasoline fuel or oil for aircraft or motorized vehicles associated with fleet credit card.

5. Repair of leased vehicles when the lease provides for service/maintenance.
6. Purchase of telecommunication services, i.e., major systems such as FTS2000 or DSN.
7. Purchase of hazardous/dangerous items such as explosives, munitions, toxins, and firearms.
8. Items determined hazardous by bio-environmental engineers unless approvals have been obtained by the local installation/activity, as well as appropriate technical review. For example, the Safety Officer must have knowledge of what types of hazardous material (e.g., paint) are being purchased and where specific types are being stored. This technical review is not intended to become an impediment to the purchase.
9. Purchase of janitorial, yard and maintenance services, or other repair services covered by contracts already written for these services.
10. Purchase of printing or copying services provided by commercial sources. **Public Law (PL 102-392)**, states that appropriated funds cannot be used to procure printing from sources other than the Government Printing Office (GPO) unless prior approval from the public printer is obtained. The only other authorized sources of printing are Army printing and duplicating facilities and the Defense Automated Printing Service (DAPS); (purchase card is accepted by these required printing sources).
11. Purchases of personal or professional services;
12. Purchases of construction materials or services exceeding \$2,500 unless specifically authorized above under Delegation of Authority.
13. Purchases of Moral, Welfare and Recreation peculiar items such as athletic shoes, clothing, supplies, equipment, etc. (unless purchased by MWR offices).

#### **Violation of DESC Purchase Card Procedures:**

If, as a result of findings from a surveillance visit, or by any other means, it is discovered that the card holder is in violation of the procedures contained herein, a letter signed by the CSPO, will be sent to the cardholder's Director or Commander,, with copies provided to the cardholder and billing official. The APC will then take the appropriate action to have US Bank change the cardholder's monthly purchase limitation to 0.00. The letter must state the following:

- (1) A violation (describe) was discovered or is occurring;
- (2) The monthly purchase limitation for that particular cardholder has been reduced to zero;

- (3) The revised limitation will remain in effect until (a) the cardholder's Director or Commander takes appropriate action against the cardholder and (b) the cardholder receives remedial training on the purchase card procedures;
- (4) After just described actions have been accomplished, the monthly purchase limitation will be changed to reflect the previous requested amount;
- (5) Further offenses will be grounds to revoke the purchase card privileges for the cardholder.